

**STATEMENT BY NEAHTAWANTA SUMMER RESORT ASSOCIATION
IN SUPPORT OF H.B. 5008 AND H.B. 5009**

We are Frederick Baker, Jr., of Schiff Hardin, and Anne Treadway, Vice President of the Neahtawanta Resort Association, which is organized under the Summer Resort and Park Association Act of 1897, MCL 455.1, *et seq.* ("SRPA" or "Summer Resort Act"). We are here to support passage of House Bills 5508 and 5509.

Together, these two bills will enable an organization incorporated under the SRPA to use the conversion process in the Nonprofit Corporation Act of 1982, MCL 450.1746 ("NCA"), to become a nonprofit corporation. Nothing is mandatory; any organization incorporated under the SRPA may choose to remain organized under that Act. The Bills would simply enable an organization that wants to convert to a modern non-profit corporation to do so.

Why is this important to us? In short, the SRPA, enacted in 1897, is no longer consistent with the way modern organizations are managed and operated. For our association, which has 60 members, the archaic terms have become burdensome:

The SRA limits the value of personal property that an SRA can hold to \$200,000, an amount we are approaching in our rainy day fund. The NCA places no limit on the value of personal property held.

Also, only shareholders can be members of the Board, MCL 455.9, which makes it more difficult to compose a board slate, because so many membership shares are held by entities (trusts and LLC's) instead of individuals. The NCA allows a fiduciary to hold shares held by it, MCL 450.2445, and a director need not be a shareholder. MCL 450.2501.

The SRA forbids the board to expend more than \$1,000, and instead requires any expenditure over \$1000 to be approved by the shareholders. MCL 455.10. This amount is absurdly small.

There are other issues that do not affect us, like the capped number of shares, but which might affect others. Additionally, the law is inflexible; no classes of shares are allowed, which prevents us from creating associate memberships to allow families to share some of the benefits of membership.

We sought a simple conversion, but LARA's interpretation is that conversion is not permitted unless specifically authorized under the SRA. That is what the amendments are designed to do.

There are approximately 46 SRA associations in Michigan. We have written all of them. None is opposed and we have received support letters from five. Once again, the amendments are permissive -- no organization is required to change its form -- and, to our knowledge, have no tax or revenue impact on the state or local taxing authorities.

We thank you for this chance to be heard and are happy to answer questions.